

Perrigo Company Reports Fiscal Year 2005 Financial Results

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ALLEGAN, Mich.

The Perrigo Company (NASDAQ: PRGO)(TASE: PRGO) today announced results for the full year and fourth quarter ended June 25, 2005.

The acquisition of Agis Industries was completed on March 17, 2005. Agis was first included in the consolidated balance sheet as of March 26, 2005 and Agis' operating results are included in the consolidated results beginning in the fourth quarter of fiscal 2005.

Perrigo Company
(in thousands, except per share amounts)

| | Fourth Quarter | | Year-To-Date | |
|-------------------|----------------|-----------|--------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Sales | \$324,538 | \$206,125 | \$1,024,098 | \$898,204 |
| Net (Loss)/Income | \$(6,963) | \$8,085 | \$(352,983) | \$80,567 |
| Diluted Shares | 93,480 | 73,277 | 77,313 | 72,289 |
| Diluted EPS | \$(0.07) | \$0.11 | \$(4.57) | \$1.11 |

Commenting on the past year, Perrigo Chairman, President and Chief Executive Officer, David T. Gibbons, said, "Fiscal 2005 was a busy, exciting and challenging period that brought many changes to Perrigo Company. We gained entry into the generic prescription drug and Active Pharmaceutical Ingredient markets with the acquisition of Agis, providing us a platform for future growth and expanded research and development and manufacturing capabilities. The integration is moving forward quickly and the two management teams are working well together. The acquisition also brought the added complexity of new purchase accounting requirements and new segment reporting. With several unusual items this year and last year, financial comparisons are difficult." The reconciliation tables at the end of this release exclude key non-recurring items to provide insight into our on-going operations.

Fiscal Year 2005

Sales for the twelve months ended June 25, 2005 were \$1,024.1 million, compared with \$898.2 million last year, an increase of 14 percent. The Company reported a loss of \$353.0 million, or \$4.57 per share, which included charges associated with the Agis acquisition and class action lawsuit expenses as follows:

| | Pre-Tax | After-Tax |
|---|---------|-----------|
| * Write-off of in-process research and development | \$386.8 | \$386.8 |
| * Charge for Consumer Healthcare operational improvements and asset impairments | 6.4 | 4.1 |
| * Expense of acquisition related legal, audit and integration costs | 5.6 | 3.6 |
| * Write-off of the step-up in the value of inventory acquired | 23.4 | 18.2 |
| * Estimated settlement of class action lawsuits | 4.5 | 2.9 |
| | \$426.7 | \$415.6 |

Net income was also impacted by charges for the loratadine and infant drop product recalls of \$6.6 million after-tax, or \$0.09 per share. Excluding the charges associated with

the acquisition and the class action expense, but including the recall charges against operating income, net income was \$62.6 million, or \$0.81 per share.

Reported net income in fiscal 2004 was \$80.6 million, or \$1.11 per share. Excluding a one-time tax benefit (\$13.1 million after-tax, or \$0.18 per share) and an FTC settlement cost (\$3.4 million after-tax, or \$0.05 per share), net income was \$70.9 million, or \$0.98 per share. A reconciliation of non-GAAP measures is shown in Table II at the end of this press release.

Fiscal Fourth Quarter

For the fourth quarter, sales were \$324.5 million, an increase of 57 percent, compared with \$206.1 million last year, reflecting the consolidation of Agis' product sales in the current quarter. The Company reported a net loss of \$7.0 million, or \$0.07 per share, compared with net income of \$8.1 million, or \$0.11 per share a year ago.

Excluding non-recurring charges consisting primarily of the acquisition-related write-off of the step-up in the value of inventory acquired (\$18.2 million after-tax, or \$0.20 per share) and the estimated class action settlement charge (\$2.9 million after-tax, or \$0.03 per share) and including a charge for the infant drops product recall (\$1.3 million after-tax, or \$0.01 per share), net income in the current quarter was \$13.0 million, or \$0.14 per share. Excluding a charge for an FTC settlement (\$3.4 million after-tax, or \$0.05 per share), net income in the prior year fourth quarter was \$0.16 per share. A reconciliation of non-GAAP measures is shown in Table II at the end of this press release.

New Segment Reporting

The Company realigned segment reporting following the Agis acquisition, primarily by product, as follows: Consumer Healthcare, Rx Pharmaceuticals and API as well as an Other category. The Consumer Healthcare segment now includes the U.S., U.K. and Mexico Operations. The Other category consists of two operating segments with sales of consumer, pharmaceutical and medical diagnostic products, primarily for the Israeli market. Segment information is shown in Table I at the end of this press release.

Consumer Healthcare

"The Consumer Healthcare business had a particularly challenging year. The cough and cold season started slowly and peaked late with lower severity, which reduced our unit production and pressured margins. We had two retail-level product recalls, loratadine syrup and infant drops, that reduced operating income by \$10.3 million. We are reviewing and enhancing our quality processes for new products, which were the focus of the recalls," said Gibbons.

Consumer Healthcare segment sales for fiscal 2005 were \$933.3 million, an increase of four percent, compared with \$898.2 million in fiscal 2004. The sales increase reflects the incremental sales volume from the Agis acquisition, a full year of sales from Perrigo U.K., acquired in fiscal 2004, and new product sales in the smoking cessation, feminine hygiene and foot care product categories. The increase was offset partially by sales returns due to the product recalls and price and volume declines in the cough/cold, analgesic and gastrointestinal product categories.

Reported operating income was \$86.6 million compared with \$107.9 million last year

reflecting lower production levels, increased material costs related to oil pricing, and a reduction of \$10.3 million due to the product recalls. Excluding one-time costs for operational improvements and asset impairments (\$6.4 million) and the estimated settlements of class action lawsuits (\$4.5 million), but including the recall charges against operating income, operating income in fiscal 2005 was \$98.3 million compared with \$112.6 million in fiscal 2004. A reconciliation of non-GAAP measures is shown in Table II at the end of this press release.

Rx Pharmaceuticals

Results for fiscal 2005 largely reflect the operations of the Agis business, consolidated with Perrigo Pharmaceuticals for the first time in the fiscal fourth quarter. The Rx Pharmaceuticals segment reported sales of \$32.6 million and an operating loss of \$10.7 million compared with a loss of \$5.0 million last year in our "greenfield" generic Rx start-up. Excluding the write-off of the step-up in the value of inventory acquired of \$5.5 million, the operating loss in fiscal 2005 was \$5.1 million. A reconciliation of non-GAAP measures is shown in Table II at the end of this press release.

API

Results for fiscal 2005 reflect the operations of the Agis business, reported for the first time in the fiscal fourth quarter. The API segment reported sales of \$23.4 million and an operating loss of \$7.2 million. Excluding the write-off of the step-up in the value of inventory acquired of \$12.5 million, the API segment had operating income of \$5.4 million. A reconciliation of non-GAAP measures is shown in Table II at the end of this press release.

Other

The Other category consists of Agis' Israel Consumer and Israel Pharmaceutical and Diagnostics Products segments, reported for the first time in the fiscal fourth quarter. The Other category reported sales of \$34.8 million and an operating loss of \$4.6 million. Excluding the write-off of the step-up in the value of inventory acquired of \$4.4 million, the Other category had an operating loss of \$0.2 million. A reconciliation of non-GAAP measures is shown in Table II at the end of this press release.

Fiscal 2006 Outlook

Pseudoephedrine

Pseudoephedrine, the active ingredient in many of our Consumer Healthcare cough and cold products, has received significant media and legislative attention. Pseudoephedrine, which is a safe and effective active ingredient, can be used for the manufacturing of the illegal drug methamphetamine. State governments are rapidly approving legislation requiring retailers to remove pseudoephedrine-based products from retail shelves and move them behind the pharmacy counter in an effort to reduce the production of methamphetamine. As retailer actions to move pseudoephedrine behind the counter have accelerated in the last two months, the expected demand for pseudoephedrine products has been sharply reduced.

Perrigo's pseudoephedrine-containing product sales totaled \$182 million in fiscal 2005. Today, the Company estimates fiscal 2006 sales of approximately \$110 - \$120 million, down \$62 - \$72 million from fiscal 2005. The Company is working on the reformulation and

validation of phenylephrine-based products, which are substitutes for pseudoephedrine. Reformulated products will be introduced throughout the fiscal 2006 cough, cold and flu season. At this time, many of the brands do not currently have phenylephrine-based products available on the shelf, which makes it difficult to create national brand equivalent formulations.

Mr. Gibbons stated that, "The decline of pseudoephedrine sales year-over-year will unfortunately offset a very strong new product portfolio that includes Smoking Cessation, Acetaminophen Arthritis Pain Relief and Acetaminophen Extended Release Pain Relief. New products are estimated to contribute sales in excess of \$90 million.

"Consumer Healthcare sales are expected to be \$1.0 billion, up by approximately \$70 million in 2006 with the addition of a full year of Agis OTC product sales," said Gibbons, "and operating income should approximate \$105 million, or slightly above last year before non-recurring charges. This is not where we wanted to be, but a good result given the uncontrollable outside factors.

"Sales for the Rx Pharmaceuticals, API and Other Israeli business are forecasted to be approximately \$390 million in fiscal 2006 versus \$91 million in fiscal 2005. Fiscal 2006 operating income is estimated to be \$42 million, which excludes \$5 million for the write-off of inventory step-up, which will occur in the first quarter. This operating income will include approximately \$9.0 million for intangible amortization.

"On a consolidated basis, sales will total approximately \$1.4 billion, up \$370 million, or 36 percent. Net income is estimated at \$72 - \$76 million and EPS at \$0.74 - \$0.78 per share, including additional integration costs at approximately \$8 million, and before a write-off of the step-up in the value of inventory acquired of \$0.04 per share that will be expensed in the first quarter of fiscal 2006."

Mr. Gibbons concluded, "Our earnings forecast has been lowered by \$0.20 per share in the past month due to the current expectations of a steeper decline in the sale of pseudoephedrine-based products. We cannot control the external factors impacting the cough and cold product segment, but we are doing all we can to adjust to the new legislation and the acceleration of retailer actions. We believe the pseudoephedrine situation is primarily a one season issue. In addition, because this is our first year of integration, we will incur one-time costs of approximately \$8 million, which will not recur in future years.

"We are disappointed that what had appeared to be coming together as a very good fiscal 2006 has been impacted so severely by the pseudoephedrine issues. We will work through these challenges as we continue to build on our core strengths to create a strong future. Those core strengths continue to exist in our Consumer Healthcare business, and we are very encouraged so far at what we see in our newly acquired Rx Pharmaceuticals and API business, which is off to a very good start."

Perrigo will host a conference call to discuss fiscal 2005 full year and fourth quarter results at 11 a.m. (ET) Wednesday, September 7. The call and replay will be available via webcast on the Company's Web site at <http://www.perrigo.com/investor/>, or by phone, at 800-473-6123, International, 973-582-2745. A taped replay of the call will be available beginning at approximately 2:30 p.m. (ET) Wednesday, September 7 until midnight Friday, September 16. To listen to the replay, call 877-519-4471, International 973-341-3080, access code 6430187.

The Perrigo Company is a leading global healthcare supplier and the world's largest manufacturer of over-the-counter (OTC) pharmaceutical and nutritional products for the store brand market. Store brand products are sold by food, drug, mass merchandise, dollar store and club store retailers under their own labels. The Company also develops, manufactures and markets prescription generic drugs, active pharmaceutical ingredients and consumer products, and operates manufacturing facilities in the United States, Israel, United Kingdom, Mexico and Germany. Visit Perrigo on the Internet (<http://www.perrigo.com/>).

Note: Certain statements in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These statements relate to future events or the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or other comparable terminology. Please see the "Cautionary Note Regarding Forward-Looking Statements" on pages 33 - 41 of the Company's Form 10-K to be filed today, for the year ended June 25, 2005 for a discussion of certain important factors that relate to forward-looking statements contained in this press release. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PERRIGO COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

| | Fiscal Year | | |
|--|-------------|-----------|-----------|
| | 2005 | 2004 | 2003 |
| Net sales | \$1,024,098 | \$898,204 | \$834,100 |
| Cost of sales | 763,709 | 630,240 | 596,076 |
| Gross profit | 260,389 | 267,964 | 238,024 |
| Operating expenses | | | |
| Distribution | 18,680 | 15,154 | 15,563 |
| Research and development | | 38,419 | 27,721 |
| Selling and administration | 140,581 | 122,193 | 117,096 |
| Subtotal | 197,680 | 165,068 | 155,974 |
| Write-off of in-process research and development | | 386,800 | - |
| Restructuring | 6,382 | - | - |
| Unusual litigation | - | - | (3,128) |
| Total | 590,862 | 165,068 | 152,846 |
| Operating income (loss) | (330,473) | 102,896 | 85,178 |
| Interest and other, net | 220 | (3,087) | (1,080) |
| Income (loss) before income taxes | (330,693) | 105,983 | 86,258 |
| Income tax expense | 22,290 | 25,416 | 32,210 |
| Net income (loss) | \$(352,983) | \$80,567 | \$54,048 |
| Earnings (loss) per share | | | |
| Basic | \$(4.57) | \$1.15 | \$0.77 |
| Diluted | \$(4.57) | \$1.11 | \$0.76 |

| | | | | |
|-------------------------------------|---------|--------|--------|--|
| Weighted average shares outstanding | | | | |
| Basic | 77,313 | 70,206 | 69,746 | |
| Diluted | 77,313 | 72,289 | 71,158 | |
| Dividends declared per share | \$0.155 | \$0.13 | \$0.05 | |

PERRIGO COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | June 25, 2005 | June 26, 2004 | |
|---|------------------|------------------|--|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$16,707 | \$8,392 | |
| Investment securities | 17,761 | 163,308 | |
| Accounts receivable | 210,308 | 86,040 | |
| Inventories | 272,980 | 174,253 | |
| Current deferred income taxes | 55,987 | 29,877 | |
| Prepaid expenses and other current assets | 35,064 | 10,359 | |
| Total current assets | 608,807 | 472,229 | |
| Property and equipment | | | |
| Land | 14,638 | 14,359 | |
| Building | 231,402 | 196,029 | |
| Machinery and equipment | 340,266 | 251,797 | |
| | 586,306 | 462,185 | |
| Less accumulated depreciation | 262,505 | 234,544 | |
| | 323,801 | 227,641 | |
| Restricted cash | 400,000 | - | |
| Goodwill | 150,293 | 35,919 | |
| Other intangible assets | 147,967 | 4,163 | |
| Non-current deferred income taxes | 26,964 | 8,137 | |
| Other non-current assets | 47,144 | 11,005 | |
| | \$1,704,976 | \$759,094 | |

Liabilities and Shareholders' Equity

| | | | |
|-----------------------------------|-----------|----------|--|
| Current liabilities | | | |
| Accounts payable | \$142,789 | \$88,858 | |
| Notes payable | 25,345 | 9,528 | |
| Payroll and related taxes | 42,326 | 41,387 | |
| Accrued customer programs | 41,666 | 13,212 | |
| Accrued liabilities | 57,532 | 30,477 | |
| Accrued income taxes | 21,225 | - | |
| Current deferred income taxes | 9,659 | 4,024 | |
| Total current liabilities | 340,542 | 187,486 | |
| Non-current liabilities | | | |
| Long-term debt | 656,128 | - | |
| Non-current deferred income taxes | 74,379 | 29,606 | |
| Other non-current liabilities | 43,090 | 5,770 | |
| Total non-current liabilities | 773,597 | 35,376 | |

Shareholders' equity

| | | | |
|--|-------------|-----------|--|
| Preferred stock, without par value, 10,000 shares authorized | - | - | |
| Common stock, without par value, 200,000 shares authorized | 534,518 | 104,160 | |
| Unearned compensation | (6,770) | (514) | |
| Accumulated other comprehensive income (loss) | (1,687) | 2,892 | |
| Retained earnings | 64,776 | 429,694 | |
| Total shareholders' equity | 590,837 | 536,232 | |
| | \$1,704,976 | \$759,094 | |

Supplemental Disclosures of Balance

Sheet Information

| | | | |
|---------------------------------|-----------|-----------|--|
| Allowance for doubtful accounts | \$10,370 | \$8,296 | |
| Allowance for inventory | \$34,028 | \$22,888 | |
| Working capital | \$268,265 | \$284,743 | |
| Preferred stock, shares issued | - | - | |
| Common stock, shares issued | 93,903 | 70,882 | |

PERRIGO COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Fiscal Year | | |
|--|-------------|-----------|-----------|
| | 2005 | 2004 | 2003 |
| Cash Flows From Operating Activities | | | |
| Net income (loss) | \$(352,983) | \$80,567 | \$54,048 |
| Adjustments to derive cash flows | | | |
| Write-off of in-process research and development | 386,800 | - | - |
| Depreciation and amortization | 34,813 | 28,452 | 26,126 |
| Share-based compensation | 8,056 | 5,560 | 5,852 |
| Deferred income taxes | (9,834) | 3,366 | (6,847) |
| Acquisition related expenses incurred by acquiree | (10,002) | - | - |
| Changes in operating assets and liabilities, net of a business acquisition and a restructuring | | | |
| Accounts receivable | (16,903) | 4,075 | (4,427) |
| Inventories | 40,528 | (6,168) | (4,656) |
| Accounts payable | (6,736) | 10,891 | (2,329) |
| Payrolls and related taxes | (21,515) | 1,072 | 9,185 |
| Accrued income taxes | 9,932 | (5,552) | (2,516) |
| Accrued customer programs | 7,966 | 2,483 | 356 |
| Accrued liabilities | 8,820 | 3,567 | 3,513 |
| Other | (1,298) | (9,786) | 1,929 |
| Net cash from operating activities | 77,644 | 118,527 | 80,234 |
| Cash Flows For Investing Activities | | | |
| Purchase of securities | (157,353) | (191,339) | (102,695) |
| Proceeds from sales of securities | 334,465 | 111,115 | 33,350 |
| Additions to property and equipment | | | |
| | (26,824) | (28,294) | (32,296) |
| Acquisition of assets | (5,562) | - | - |
| Acquisition of a business, net of cash | (381,570) | (12,061) | - |
| Acquisition-related dividends | (12,574) | - | - |
| Increase in restricted cash | (400,000) | - | - |
| Investment in equity subsidiaries | - | (2,000) | - |
| Other | - | - | (980) |
| Net cash for investing activities | (649,418) | (122,579) | (102,621) |
| Cash From (For) Financing Activities | | | |
| Borrowings of short-term debt, net | 6,421 | 702 | 640 |
| Borrowings of long-term debt | 648,000 | - | - |
| Repayments of long-term debt | (63,000) | - | - |
| Increase in deferred debt issue costs | (959) | - | - |
| Tax benefit (expense) of stock transactions | 650 | 1,725 | (481) |
| Issuance of common stock | 7,031 | 11,083 | 7,231 |
| Repurchase of common stock | (3,021) | (2,766) | (33,682) |
| Cash dividends | (11,935) | (9,136) | (3,484) |
| Other | - | (128) | (52) |
| Net cash from (for) financing activities | 583,187 | 1,480 | (29,828) |
| Net increase (decrease) in cash and cash equivalents | | | |
| | 11,413 | (2,572) | (52,215) |
| Cash and cash equivalents, at beginning of period | | | |
| | 8,392 | 10,392 | 62,734 |
| Effect of exchange rate changes on cash | | | |
| | (3,098) | 572 | (127) |
| Cash and cash equivalents, at end of period | | | |
| | \$16,707 | \$8,392 | \$10,392 |
| Supplemental Disclosures of Cash Flow Information | | | |
| Cash paid during the year for: | | | |
| Interest | \$5,248 | \$591 | \$1,257 |
| Income taxes | \$19,026 | \$31,079 | \$43,417 |

Table I
PERRIGO COMPANY
SEGMENT INFORMATION
(in thousands)
(unaudited)

| | Fourth Quarter | | Fiscal Year | | |
|-----------------------------------|----------------|-----------|-------------|-----------|-----------|
| | 2005 | 2004 | 2005 | 2004 | |
| Segment Sales | | | | | |
| Consumer Healthcare | | \$234,287 | \$206,125 | \$933,280 | \$898,204 |
| Rx Pharmaceuticals | | 31,998 | - | 32,565 | - |
| API | 23,412 | - | 23,412 | - | - |
| Other | 34,841 | - | 34,841 | - | - |
| Total | \$324,538 | \$206,125 | \$1,024,098 | \$898,204 | |
| Segment Operating Income (Loss) | | | | | |
| Consumer Healthcare | \$12,862 | \$14,226 | \$86,570 | \$107,857 | |
| Rx Pharmaceuticals | (5,155) | (1,957) | (10,692) | (4,961) | |
| API | (7,164) | - | (7,164) | - | |
| Other | (4,590) | - | (4,590) | - | |
| Unallocated expenses | (2,237) | - | (2,237) | - | |
| Write-off of in process R&D | 1,800 | - | (386,800) | - | |
| Acquisition and integration costs | (935) | - | (5,560) | - | |
| Total | \$(5,419) | \$12,269 | \$(330,473) | \$102,896 | |

Table II
PERRIGO COMPANY
RECONCILIATION OF NON-GAAP MEASURES
(in thousands, except per share amounts)
(unaudited)

| | Fourth Quarter | | Fiscal Year | |
|---|----------------|----------|-------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Reported gross profit | \$65,659 | \$63,010 | \$260,389 | \$267,964 |
| Inventory step-up | 23,392 | - | 23,392 | - |
| Adjusted gross profit | \$89,051 | \$63,010 | \$283,781 | \$267,964 |
| Reported operating income (loss) | \$(5,419) | \$12,269 | \$(330,473) | \$102,896 |
| Inventory step-up | 23,392 | - | 23,392 | - |
| Settlements - Class action lawsuit / FTC | 4,500 | 4,750 | 4,500 | 4,750 |
| Perrigo operational improvements | - | - | 3,150 | - |
| Perrigo asset impairments | - | - | 3,232 | - |
| Write-off of in-process R&D | (1,800) | - | 386,800 | - |
| Acquisition costs | 935 | - | 5,560 | - |
| Adjusted operating income | \$21,608 | \$17,019 | \$96,161 | \$107,646 |
| Reported net income (loss) | \$(6,963) | \$8,085 | \$(352,983) | \$80,567 |
| One time tax benefit | - | - | (13,100) | - |
| Inventory step-up (1) | 18,246 | - | 18,246 | - |
| Class action lawsuit (2) (4) | 2,880 | 3,400 | 2,880 | 3,400 |
| Perrigo operational improvements (2) | - | - | 2,016 | - |
| Perrigo asset impairments (2) | - | - | 2,068 | - |
| Write-off of in-process R&D (3) | (1,800) | - | 386,800 | - |
| Acquisition costs (2) | 598 | - | 3,558 | - |
| Adjusted net income | \$12,961 | \$11,485 | \$62,586 | \$70,867 |
| Diluted earnings (loss) per share | | | | |
| Reported | \$(0.07) | \$0.11 | \$(4.57) | \$1.11 |
| Adjusted | \$0.14 | \$0.16 | \$0.81 | \$0.98 |
| Diluted weighted average shares outstanding | | | | |
| | 93,480 | 73,277 | 77,313 | 72,289 |

- (1) Net of taxes at 22%
- (2) Net of taxes at 36%
- (3) Write-off of in-process research and development is a permanent difference for tax purposes and thus is not tax effected
- (4) Fiscal 2004 FTC settlement includes \$1,000 of non-deductible expenses that are not tax effected

Table II (Continued)
REPORTABLE SEGMENTS
RECONCILIATION OF NON-GAAP MEASURES
(in thousands, except per share amounts)
(unaudited)

| | Fourth Quarter | | Year-To-Date | |
|--|----------------|-----------|--------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Consumer Healthcare | | | | |
| Reported gross profit | \$53,871 | \$63,010 | \$248,369 | \$267,964 |
| Inventory step-up | 897 | - | 897 | - |
| Adjusted gross profit | \$54,768 | \$63,010 | \$249,266 | \$267,964 |
| | | | | |
| Reported operating income | \$12,862 | \$14,226 | \$86,570 | \$107,857 |
| Inventory step-up | 897 | - | 897 | - |
| Settlements - Class action lawsuit / FTC | 4,500 | 4,750 | 4,500 | 4,750 |
| Perrigo operational improvements | - | - | 3,150 | - |
| Perrigo asset impairments | - | - | 3,232 | - |
| Adjusted operating income | \$18,259 | \$18,976 | \$98,349 | \$112,607 |
| | | | | |
| Rx Pharmaceuticals | | | | |
| Reported gross profit | \$6,588 | \$- | \$6,820 | \$- |
| Inventory step-up | 5,546 | - | 5,546 | - |
| Adjusted gross profit | \$12,134 | \$- | \$12,366 | \$- |
| | | | | |
| Reported operating loss | \$(5,155) | \$(1,957) | \$(10,692) | \$(4,961) |
| Inventory step-up | 5,546 | - | 5,546 | - |
| Adjusted operating income (loss) | \$391 | \$(1,957) | \$(5,146) | \$(4,961) |
| | | | | |
| API | | | | |
| Reported gross profit | \$(2,379) | \$- | \$(2,379) | \$- |
| Inventory step-up | 12,542 | - | 12,542 | - |
| Adjusted gross profit | \$10,163 | \$- | \$10,163 | \$- |
| | | | | |
| Reported operating loss | \$(7,164) | \$- | \$(7,164) | \$- |
| Inventory step-up | 12,542 | - | 12,542 | - |
| Adjusted operating income | \$5,378 | \$- | \$5,378 | \$- |
| | | | | |
| Other | | | | |
| Reported gross profit | \$7,579 | \$- | \$7,579 | \$- |
| Inventory step-up | 4,407 | - | 4,407 | - |
| Adjusted gross profit | \$11,986 | \$- | \$11,986 | \$- |
| | | | | |
| Reported operating loss | \$(4,590) | \$- | \$(4,590) | \$- |
| Inventory step-up | 4,407 | - | 4,407 | - |
| Adjusted operating loss | \$(183) | \$- | \$(183) | \$- |
| | | | | |
| Unallocated | | | | |
| Reported operating loss | \$(1,372) | \$- | \$(394,597) | \$- |
| Write-off of in-process R&D | (1,800) | - | 386,800 | - |
| Acquisition costs | 935 | - | 5,560 | - |
| Adjusted operating loss | \$(2,237) | \$- | \$(2,237) | \$- |

SOURCE: Perrigo Company

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